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Mourning Serial / More on Pricing-How and Why

Phil Greene
EBSCO

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Mourning Serial

More on Pricing — How and Why

Column Editor: **Phil Greene**

(EBSCO Subscription Services)

For column suggestions or ideas contact your editor
or PGreene@EBSCO.com



The pricing of serials continues to be a matter of utmost concern for most libraries throughout the world.

In a further attempt to clarify the environment, this column will deal with first, some of the factors that go into the pricing of a journal and second, a review of some 1994 price increases and a preliminary forecast for 1995 prices.

It is important to understand that the term "inflation" with regard to domestic subscriptions includes only the increase assigned to a publication by each publisher. From an agency's standpoint, this is the only factor which influences the price of a journal published in the United States and to try and break down a domestic price increase by publisher increase and inflation is impossible.

In considering journals published outside of the United States, the publisher increase factor (inflation) may be affected in a positive or negative way by the relative strength of the United States dollar versus the currency of the country in which the title is published.

For the last two years, American li-

braries have benefited from the strength of the U.S. dollar. Of course, for several years prior to that, American libraries

were heavily penalized as the U.S. dollar lost strength on a continuing basis against European currencies.

COST HISTORY BY LIBRARY TYPE

| | Average # Titles | 1990 Average Cost Per Title | 1991 Average Cost Per Title | % Change | 1992 Average Cost Per Title | % Change | 1993 Average Cost Per Title | % Change | 1994 Average Cost Per Title | % Change | 1990-94 % of Change |
|-------------------------|---------------------|--------------------------------------|--------------------------------------|-------------|--------------------------------------|-------------|--------------------------------------|-------------|--------------------------------------|-------------|---------------------------|
| ACADEMIC LIBRARY | | | | | | | | | | | |
| U.S. TITLES | 4,864 | \$107.80 | \$118.66 | 10.1% | \$130.03 | 9.6% | \$140.85 | 8.3% | \$152.15 | 8.0% | 41.1% |
| NON - U.S. TITLES | 2,240 | \$271.41 | \$336.64 | 24.0% | \$364.53 | 8.3% | \$411.84 | 13.0% | \$438.22 | 6.4% | 61.5% |
| ALL TITLES | 7,104 | \$159.39 | \$187.39 | 17.6% | \$203.97 | 8.8% | \$226.29 | 10.9% | \$242.35 | 7.1% | 52.1% |

| | | | | | | | | | | | |
|---------------------------------|-------|----------|----------|-------|----------|-------|----------|-------|----------|------|-------|
| ACADEMIC MEDICAL LIBRARY | | | | | | | | | | | |
| U.S. TITLES | 1,957 | \$149.11 | \$164.84 | 10.6% | \$181.98 | 10.4% | \$199.45 | 9.6% | \$216.28 | 8.4% | 45.0% |
| NON - U.S. TITLES | 1,298 | \$325.65 | \$399.42 | 22.7% | \$426.78 | 6.8% | \$479.55 | 12.4% | \$503.15 | 4.9% | 54.5% |
| ALL TITLES | 3,255 | \$219.51 | \$258.38 | 17.7% | \$279.59 | 8.2% | \$311.15 | 11.3% | \$330.67 | 6.3% | 50.6% |

| | | | | | | | | | | | |
|-------------------------|-----|----------|----------|-------|----------|-------|----------|------|----------|------|-------|
| HOSPITAL LIBRARY | | | | | | | | | | | |
| U.S. TITLES | 102 | \$100.27 | \$113.87 | 13.6% | \$127.07 | 11.6% | \$137.65 | 8.3% | \$150.60 | 9.4% | 50.0% |
| NON - U.S. TITLES | 15 | \$171.52 | \$209.60 | 22.2% | \$234.44 | 11.8% | \$237.19 | 1.2% | \$240.85 | 1.5% | 40.0% |
| ALL TITLES | 117 | \$109.40 | \$126.15 | 15.3% | \$140.84 | 11.6% | \$150.41 | 6.8% | \$162.17 | 7.8% | 48.0% |

| | | | | | | | | | | | |
|-------------------------|-------|----------|----------|-------|----------|-------|----------|------|----------|------|-------|
| LAW FIRM LIBRARY | | | | | | | | | | | |
| U.S. TITLES | 986 | \$190.59 | \$205.68 | 7.9% | \$217.73 | 5.9% | \$228.83 | 5.1% | \$241.37 | 5.5% | 26.6% |
| NON - U.S. TITLES | 50 | \$216.40 | \$249.98 | 15.5% | \$281.17 | 12.5% | \$298.69 | 6.2% | \$327.36 | 9.6% | 51.3% |
| ALL TITLES | 1,036 | \$191.84 | \$207.82 | 8.3% | \$220.79 | 6.2% | \$232.21 | 5.2% | \$245.52 | 5.7% | 28.0% |

| | | | | | | | | | | | |
|---------------------------|-------|----------|----------|-------|----------|------|----------|------|----------|------|-------|
| LAW SCHOOL LIBRARY | | | | | | | | | | | |
| U.S. TITLES | 1,111 | \$68.97 | \$73.88 | 7.1% | \$78.69 | 6.5% | \$83.53 | 6.1% | \$87.95 | 5.3% | 27.5% |
| NON - U.S. TITLES | 332 | \$114.96 | \$137.71 | 19.8% | \$147.20 | 6.9% | \$155.07 | 5.3% | \$158.72 | 2.4% | 38.0% |
| ALL TITLES | 1,443 | \$79.55 | \$88.56 | 11.3% | \$94.46 | 6.7% | \$99.99 | 5.9% | \$104.23 | 4.2% | 31.0% |

| | | | | | | | | | | | |
|-----------------------|-------|---------|---------|-------|---------|-------|---------|------|---------|------|-------|
| PUBLIC LIBRARY | | | | | | | | | | | |
| U.S. TITLES | 3,019 | \$45.29 | \$48.16 | 6.4% | \$51.57 | 7.1% | \$53.55 | 3.8% | \$55.81 | 4.2% | 23.2% |
| NON - U.S. TITLES | 276 | \$50.27 | \$60.03 | 19.4% | \$58.16 | -3.1% | \$59.69 | 2.6% | \$65.04 | 9.0% | 29.4% |
| ALL TITLES | 3,295 | \$45.70 | \$49.16 | 7.6% | \$52.12 | 6.0% | \$54.06 | 3.7% | \$56.58 | 4.7% | 23.8% |

| | | | | | | | | | | | |
|------------------------|-------|----------|----------|-------|----------|------|----------|------|----------|------|-------|
| SPECIAL LIBRARY | | | | | | | | | | | |
| U.S. TITLES | 1,929 | \$140.36 | \$150.41 | 7.2% | \$161.60 | 7.4% | \$171.52 | 6.1% | \$181.38 | 5.7% | 29.2% |
| NON - U.S. TITLES | 308 | \$214.32 | \$249.67 | 16.5% | \$265.88 | 6.5% | \$291.26 | 9.5% | \$305.38 | 4.8% | 42.5% |
| ALL TITLES | 2,237 | \$150.54 | \$164.07 | 9.0% | \$175.96 | 7.2% | \$188.01 | 6.8% | \$198.45 | 5.6% | 31.8% |

| | | | | | | | | | | | |
|--------------------------|-------|----------|----------|-------|----------|-------|----------|------|----------|------|-------|
| CORPORATE LIBRARY | | | | | | | | | | | |
| U.S. TITLES | 1,234 | \$126.04 | \$136.70 | 8.5% | \$146.63 | 7.3% | \$157.27 | 7.3% | \$165.89 | 5.5% | 31.6% |
| NON - U.S. TITLES | 213 | \$342.32 | \$428.73 | 25.2% | \$480.20 | 12.0% | \$525.32 | 9.4% | \$563.81 | 7.3% | 64.7% |
| ALL TITLES | 1,447 | \$157.88 | \$179.69 | 13.8% | \$195.73 | 8.9% | \$211.45 | 8.0% | \$224.46 | 6.2% | 42.2% |

The "cost history by library type" on page 14 clearly shows the very substantial impact on American libraries as a result of the dollar's fluctuations. Note that a "representative" list of titles was used for each comparison. Across all library types shown, the average increase for a total collection was 5.9% for 1994.

For example, "non-U.S. titles" frequently ordered by an academic library increased at a percentage more than double that of U.S. titles in 1991. The smaller increase for non-U.S. titles can presumably be attributed to a stronger U.S. dollar in November 1993 when most publishers were paid for 1994 subscriptions.

Similarly, the increase for 1994 was 6.4% for non-U.S. titles and 8% for U.S. titles. The smaller increase for non-U.S. titles can presumably be attributed to a stronger U.S. dollar in November 1993 when most publishers were paid for 1994 subscriptions.

When calculating publisher price increases, publishers consider many factors. Among the more important are the following:

1. Increased pages and issues — Obviously, not all publishers increase their journal pages or the number of issues published. However, some do and this becomes a consideration in their pricing model.
2. Increased cost of raw materials — including paper, ink and other materials that go into the journal.
3. Increased cost of production and staff — including the servicing of missing issue claims, which by some accounts have increased substantially with the installation of integrated library systems.
4. Increased costs of marketing — including participation in library association conferences and seminars.
5. Cost of research and development. This is sometimes overlooked. Many publishers are spending considerable sums of money in the

COST OF A TYPICAL SUBSCRIPTION LIST

| | 1990 | 1994 |
|--------------------------|----------------|----------------|
| ACADEMIC LIBRARY | \$1,132,317.35 | \$1,721,717.00 |
| ACADEMIC MEDICAL LIBRARY | \$714,508.44 | \$1,076,354.26 |
| HOSPITAL LIBRARY | \$12,800.76 | \$18,974.80 |
| CORPORATE LIBRARY | \$228,458.35 | \$324,806.36 |
| LAW FIRM LIBRARY | \$198,746.52 | \$254,368.07 |
| LAW SCHOOL LIBRARY | \$114,803.37 | \$150,411.39 |
| PUBLIC LIBRARY | \$150,610.64 | \$186,460.60 |
| SPECIAL LIBRARY | \$336,769.31 | \$443,949.50 |

development of new publishing formats. This includes CD-ROM, full text publications, etc. This is research and development that publishers do on the "bet" that future revenues will help recoup the research expenses. This does not always happen. At best, revenues generated to cover the costs are received at least one or two years after the expenditures are made. By the time those revenues are received, the publishers may be expending money in new research areas in order to accommodate future technologies.

6. Lost revenue from cancellations. This is something that has not been a particularly serious factor until the last two years. However, many publishers are faced with substantial cancellations due to reduced budgets, network sharing, possible document delivery and other factors. Regardless of the factor, publishers are seeing substantially reduced subscription lists. This begins the vicious cycle of cancellations resulting in increased prices for the surviving subscriptions in order to meet expenses. Of course, as the prices go up, additional cancellations may result — therefore the cycle continues.

With regard to 1995, based on early economic indicators and historical data on publisher price increases, EBSCO

feels that moderate price increases for 1995 will be the rule for those titles purchased with U.S. dollars. For journals published in the United States, an 8% to 10% increase is expected. There may be a slightly lower increase for consumer-oriented publications.

If orders for foreign publications could be placed today (February 17, 1994), and if they were invoiced at current exchange rates, the cost of most journals published in European countries would show an increase of less than 10%. Estimated increases by type of conversion rate (fixed or variable) and the country of origin are as follows:

1. European journals priced with fixed conversion rates or in U.S. dollars: 6.5% to 8.5%.
2. Journals priced with variable rates published in The Netherlands and Germany: 6.5% to 8.5%. The United Kingdom: 8.2% to 10.2%. Other European countries: 10.5% to 13.5%.

These figures are based on U.S. dollar exchange rates for the currencies of the given countries of origin. Recently, Dixon Brooke, Vice President of EBSCO, stated that "because European journal prices are based on the relative strength of the U.S. dollar, those budgeting for 1995 subscriptions may wish to add 3% to 5% to the estimated price

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Plus Ça Change

The Successful Librarian

Column Editor: **Karen Schmidt**

(U. of Illinois, Urbana-Champaign)

While looking through various old tomes for fodder for this column, I came across a remarkable eulogy for one Sarah Hagar, librarian of the Burlington, Vermont public library. Miss Hagar died in 1908. She was not an acquisitions or collection development librarian, but the commentary on her life is so telling and fragrant that a small part of it should be shared. It is something to ponder when we wonder how librarians have come to earn the reputation we have for earnestness, industry and neuroses.

... Until 1904, when a commodious Carnegie building was dedicated, her work was done in dark and inconvenient rooms in the city hall. Amid these forbidding surroundings she met each reader as a gracious hostess greets a welcome guest. With expectant face and head bent slightly forward as if in deference, she would listen to each request. Then her lithe, slender frame could be seen as she sought the books in a habitat known only to herself ... During the twenty-three years of her work as librarian, she aver-

aged twelve hours a day in the library. She was at her post on holidays ... She often went without food from breakfast time until ten at night. She seldom left the library except to attend library meetings ... The only vacation she had taken for years before her death was a week in New York ... A remarkable tartan hardness, enabled her to do what few persons could accomplish. She passed quietly

away at the age of eighty ... Her life was a satisfaction to herself and to others. She was a successful librarian

If you recognize yourself or any of your colleagues in this description, please seek help. ☹



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increase for these journals." This would protect one's budget from a possible downturn in the U.S. dollar's value between now and when the fixed conversion rates are set — or between now and November when most publishers are paid for 1995 subscriptions.

1993/1994 saw many interesting developments in the area of serials pricing. This includes the concept of "firm pricing" and the change of some European publishers to billing U.S. libraries in a fixed dollar rate. It is far too early to gauge the impact of these two situations — but surely, they have had some impact on the overall pricing of journals for U.S. libraries.

If you have questions about your specific library, contact your vendors and ask them to provide you with customized reviews. These are available from all major subscription agencies, today. ☹



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